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DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

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House Bill 6386-7 (As Introduced)

Topic: Unemployment Insurance Conformity
Sponsor: Representative Constan
Co-Sponsors: Representatives Meadows and Spade
Committee: House Labor

Date Introduced: August 20, 2008

Date of Summary: September 10, 2008

House Bill 6386 amends Section 22b of the Act by removing the reference to “sole or primary purpose to reduce the UI tax rate” in current law as related to a business transfer when there is substantially common ownership, management, or control between the predecessor and successor. USDOL notified Michigan on October 27, 2006 that based on Section 303(k) of the Social Security Act, Michigan must amend its law to provide that the transfer of experience is mandatory when there is commonality of ownership, management or control.

House Bill 6387 amends Section 11 of the Act to provide for federally mandated disclosure safeguards concerning the confidentiality of employment, wage, and benefit information. USDOL published its final rule on confidentiality and disclosure safeguards in 20 CFR Part 603 with an effective date of October 27, 2006. USDOL also sent a letter dated December 12, 2006 reminding Michigan of the need to take action to assure state practices conform with the rule. States needing to amend their laws in order to conform and comply with the new rule were given two years from the effective date of the rule to do so, which is October 28, 2008.

House Bills 6386-7 must be passed as they are conditions for receipt of state UI administration grants, as well as for Michigan employers to receive the Federal Unemployment Tax Act (FUTA) credit of 5.4%. If these bills are not signed into law, Michigan employers will be required to pay the full 6.2% FUTA tax.

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